

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-384-E - ORDER NO. 2013-607
SEPTEMBER 5, 2013

IN RE: Petition of Duke Energy Progress, Inc. (f/k/a) ACCOUNTING ORDER
Progress Energy Carolinas, Inc.) for an) APPROVING REVISED
Accounting Order to Adopt New) DEPRECIATION RATES
Depreciation Rates Effective July 1, 2012)

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the July 17, 2013, request of Duke Energy Progress, Inc. (“DEP” or “the Company”) for an accounting order to revise its depreciation rates, effective April 1, 2013. The Office of Regulatory Staff does not oppose this request.

DEP has made a revision to the depreciation study filed in this docket. The revision only impacts the production-related plant and results in a decrease in the annual accrual amount of approximately \$9 million compared to the study previously filed, using December 31, 2010, plant balances. The revision reflects the following changes:

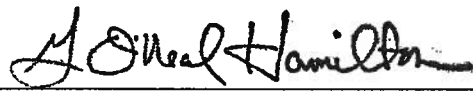
1. A decrease in the contingency factor used in estimating demolition costs from 20% to 10%; and
2. A change in the escalation index used in estimating future demolition costs. The original study used only one index, the Employment Cost Index – Total Private Compensation (ECI). The revised study uses a composite of two indices, the ECI and the Producer Price Index for Intermediate Materials.

According to the Office of Regulatory Staff (ORS), the overall effect of these modifications is an increase to total system depreciation expenses over the prior rates approved in 2004 of \$0.2 million.

Adoption of the revised depreciation rates will not involve a change to any rates at this time, nor does it prejudice any party's rights to address the issue in a subsequent general rate proceeding. S.C. Code Ann. Section 58-27-870(F) (Supp. 2012) allows this Commission to put new rates into effect without notice and hearing upon its order when the rates do not result in a rate increase. Accordingly, the revised depreciation rates as requested by DEP are hereby adopted, retroactively effective as of April 1, 2013.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


G. O'Neal Hamilton, Chairman

ATTEST:


Nikiya Hall, Vice Chairman

(SEAL)